

## SBI Card raises Rs 700 cr from banks, including its parent, to fund growth

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### SBI Card raises ₹700 cr from banks, including its parent, to fund growth

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**S**BI Card raised ₹700 crore from several financial institutions including its parent State Bank of India (SBI) in the second half of FY19 as it aims to grow above the industry average.

SBI Cards and Payment Services Pvt. Ltd (SBI Card) raised ₹100 crore from ICICI Securities Primary Dealership Ltd, ₹250 crore from State Bank of India and ₹50 crore each from Canara Bank and Axis Bank by issuing non-convertible debentures (NCDs) at 9.15% coupon, documents available with the Registrar of Companies (RoC) seen by *Mint* showed. The company also raised another ₹250 crore from Axis Bank through a coupon of 9.55%.

Hardayal Prasad, MD & CEO, SBI Card said in an emailed response that the company will leverage the strong customer base of SBI for customer acquisition. "Now, we are also tapping the vast SBI customer base through Project Shikhar under which we are offering pre-approved cards to eligible SBI customers. We believe that this will significantly drive new card acquisition," said Prasad. According to the latest Reserve Bank of India (RBI) data, as on February 2019, HDFC Bank was the market leader in terms of the number of outstanding credit cards at 12.48 million.

SBI Card is over 4 million cards behind the private sector lender at 7.9 million outstanding credit cards in the same period. ICICI Bank and Axis Bank have 6.4 million and 5.7 million cards, respectively. While HDFC Bank's market share is at 27.1%, SBI Card has a market share of 17.3%.

"We have been able to maintain a sharp focus on our busi-



Hardayal Prasad, MD & CEO, SBI Card

ness that has resulted in increased acquisition rate of over 2.5- 3 lakh cards per month currently from 1 lakh cards per month in December 2016," said Prasad.

The ₹700-crore fundraise is part of SBI Card's plan to raise ₹1,500 crore in a few tranches.

Asked about the plan to raise the remaining ₹800 crore, he declined to give specifics and said the company "may raise the remaining amount as per

business requirement and suitable market conditions".

SBI Card has also availed of a ₹1,500 crore working capital line from Central Bank of India as part of its

₹14,000-crore aggregate working capital limit. The rest is from SBI, the lead banker of the consortium of lenders to SBI Card, (₹11,000 crore) and Canara Bank (₹1,500 crore).

According to documents, the deed for this working capital facility was signed on 10 January 2019 after being sanctioned by Central Bank of India on 6 December 2018.

"SBI Card is witnessing a tremendous growth phase and we will continue to evaluate new partnerships to support our business growth plans to sustain this momentum," added Prasad.

RBI's data also showed that between February 2018 and February 2019, while SBI Card grew its outstanding cards by 31.8%, HDFC Bank's credit card growth was at 18.41, albeit on a higher base. In absolute terms,

while SBI Card added 1.93 million cards over the last one year, HDFC Bank added 1.94 million cards. As per its website, SBI Card was launched in October 1998 by the State Bank of

India and GE Capital and incorporated as SBI Cards and Payment Services Pvt Ltd. While SBI owned 60% in the joint venture, GE Capital owned the rest.

In December 2017, SBI and The Carlyle Group acquired GE Capital's stake in the joint venture—SBI now holds 74% while Carlyle holds 26% in the joint venture.

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